



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

January 28, 2008
22M:367:SEC:8006

Ms. Verna Lewis, Executive Director
Kern/Inyo/Mono Employers' Training Resource
2001 28th Street
Bakersfield, CA 93301

Dear Ms. Lewis:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the Kern/Inyo/Mono Employers' Training Resource's (KIM/ETR) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Ms. Stacy Corrales and [REDACTED] from September 24, 2007 through September 28, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by KIM/ETR with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with KIM/ETR representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, KIM/ETR's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on December 5, 2007 and reviewed your comments and documentation before finalizing this report. Because your response

adequately addressed finding one cited in the draft report, no further action is required and we consider the issue resolved. Your response also adequately addressed finding two cited in the draft report, however, this issue will remain open until we verify your implementation of your stated corrective action plan during a future onsite review. Until then, this finding is assigned Corrective Action Tracking System (CATS) number 80007.

BACKGROUND

The KIM/ETR was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. At the time of our review, very little of WIA funding allocated for PY 2007-08 was expended. For PY 2006-07, KIM/ETR was allocated: \$4,868,111 to serve 721 adult participants; \$4,962,857 to serve 1,625 youth participants; and \$4,033,311 to serve 500 dislocated worker participants.

For the quarter ending June 30, 2007, KIM/ETR reported the following expenditures for its WIA programs for PY 2006-07: \$4,603,367 for adult participants; \$ 4,322,387 for youth participants; and \$3,639,419 for dislocated worker participants. In addition, KIM/ETR reported the following enrollments for PY 2006-07: 763 adult participants; 1,776 youth participants; and 613 dislocated worker participants. We reviewed case files for 34 of the 715 participants enrolled in the WIA program as of September 24, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, KIM/ETR is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Memorandum of Understanding (MOU) and training services. The findings that we identified in these areas, our recommendations, and KIM/ETR's proposed resolution of the findings are specified below.

FINDING 1

- Requirement:** 20 CFR Section 662.230(c) states, in part, that required one-stop partners must enter into an MOU with the Local Board relating to the operation of the One-Stop system.
- Observation:** KIM/ETR does not have an MOU with its required One-Stop partner, the Regional Occupation Center (ROC).
- Recommendation:** We recommended that KIM/ETR develop a Corrective Action Plan (CAP), including a timeline, for entering into an MOU with ROC.

We also recommended that KIM/ETR provide the Compliance Review Division (CRD) with a copy of this MOU once it is executed.

KIM/ETR Response: The KIM/ETR stated that ROC is under the administration of the Kern High School District (KHSD), as is the Regional Occupational Program and the Bakersfield Adult School and the Career Resource Department. We have an executed MOU with KHSD. Therefore, KIM/ETR concludes that ROC is a signed partner under the current One-Stop MOU under the auspices of KHSD, and no further action is necessary.

State Conclusion: We consider this issue resolved.

FINDING 2

Requirement: WIA134(4)(B)(i)(II) states, in part, that training services shall be limited to individuals who require assistance beyond the assistance made available under other grant assistance programs, including Federal Pell grants.

20 CFR 663.310(d) states, in part, that training services may be made available to adult and dislocated workers who are unable to obtain grant assistance from other sources, including Trade Adjustment Assistance and Federal Pell Grants.

Observation: We observed two adult participant case files where training services were provided, but there was no documentation that the participants applied for grant assistance from other sources.

Recommendation: We recommended that KIM/ETR provide CRD with a CAP explaining how they will, in the future, ensure that all candidates for training services apply for other grant assistance before WIA training funds are expended for training.

KIM/ETR Response: The KIM/ETR stated that the two training participants were referred to a program that had previously been a reimbursement contract and not an Individual Training Account (ITA). The form was inadvertently left out of the files. We have updated our process to indicate that participants must apply for financial assistance from other sources where available. We are also

updating the form that will be included in ITA funded files to indicate that the participant applied for other grant assistance.

State Conclusion: The KIM/ETR's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we verify, during a future onsite visit, KIM/ETR's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 80007.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is KIM/ETR's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain KIM/ETR's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Ms. Stacy Corrales at (916) 653-6123.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar".

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Division

cc: Shelly Green, MIC 45
Jose Luis Marquez, MIC 50
Don Migge, MIC 50
Lydia Rios, MIC 50